

Assignment BK 667 Pg 255

ASSIGNMENT BK 888 PG 625

PRODUCERS PAID UP  
Rev. 5-60, No. 2 - 8pt.

ENTRY 97000356  
BOOK 634 PAGE 220

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3rd day of May, 1996, by and between  
Shirley Reed, Benny Murdock, Glen Murdock and Joyce Murdock his wife, Gary Murdock and  
Where post office address is Karel Murdock, Margaret Murdock his wife, June Murdock, heir of Collin Murdock  
Utah Oil & Gas, Inc., whose post office address is P.O. Box 1618 Roosevelt, UT, hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of One and no<sup>r</sup>e\*\*\*\*\* DOLLARS  
cash in hand's receipt of which is hereby acknowledged, and the covenants and agreements hereinabove contained, has granted, granted, leased and let, and  
by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining,  
exploring by geophysical and other methods, and operating for and producing therefrom oil and gas of whatsoever nature or kind, with rights of way and easements  
for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of  
Uintah

Sate of Utah

described as follows: to-wit:

Township 2 South, Range 1 East, U.S.M.

Section 2: SE<sup>1/4</sup>S<sup>1/4</sup>E

ENTRY 97000356

BOOK 634 PAGE 220-281 \$12.00

21-JAN-97 11:32

RANDY SIMMONS

RECORDER, UNTAH COUNTY, UTAH

UINTAH OIL AND GAS INC

P O BOX 1618 ROOSEVELT UT 84066

REC'D BY: STLENE ACCUTTOROOP, DEPUTY

and containing .41.00 acres, more or less. 000

1. It is agreed that this Lease shall remain in force for a term of 10 years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced  
from said leased premises or on acreage pooled therewith, or drilling operations are conducted on hereinabove provided. If, at the expiration of the primary term of  
this lease, no oil or gas is being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations  
thereon, then this lease shall remain in force for a period of 90 days after completion of such operations prosecuted on the leased premises or on acreage pooled therewith; and  
operations shall be considered to be completed if not more than 90 days shall elapse between the completion of abandonment of one well and  
the beginning of operations for a subsequent well. If, after discovery of oil or gas on the leased premises or on acreage pooled therewith, the production thereof  
should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations while away  
(90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations  
at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage  
pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein,  
to commence or continue any operations during the primary term. Lessee may, at any time or times during or after the primary term surrender this lease as to all  
or any portion of said land and as to any state or system by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter  
accruing to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1. To deliver to the credit of Lessor, free of cost, in the pipe line in which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all  
oil produced and saved from the leased premises.

2. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same  
is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth  
(1/8) of the proceeds, at the month of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender 10 dollars to the royalty owners One Dollar per year per net  
royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease east ensuing after the expiration of 90 days from  
the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made,  
it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire undivided fee simple estate therein, then the royalties including any share in  
gas royalty herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except waste from the wells of Lessor.

7. Lessee may engage in oil and gas production on the premises for its own account.

8. No well shall be drilled deeper than 100 feet to the bottom of new rock on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to property on said premises without written consent of Lessor.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessor's heirs may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall  
be binding on Lessor until Lessor has been furnished with notice, consisting of certified copies of all recorded instruments of documents and other information necessary  
to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive,  
shall be binding on Lessor. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations  
or diminish the rights of Lessee, and all Lessor's operations may be conducted without regard to any such division. If all or any part of this lease is assigned,  
no lessee shall be liable for any act or omission of any other lessee.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to  
all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered  
by this lease with other land, leases or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's  
judgment it is necessary or advisable to do so, and irrespective of whether a unit or similar to this exists with respect to such other land, lease or leases. Likewise,  
units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of  
any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit.  
Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production,  
drilling or reworking operations or a well that is for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as though they were  
production, drilling or reworking operations or a well shut in for want of a market under this lease. In like manner royalties elsewhere herein specified, including those  
gas royalties, Lessor shall receive no production from the unit so pooled royalties only on the portion of such production allocated to it and such allocation shall  
be that proportion of the unit production that the total number of surface acres covered by this lease are included in the unit bears to the total number of surface  
acres in the unit. In addition to the foregoing, Lessee shall have the right to unitify, pool, or combine all or any part of the above described lands as to one or more  
units, or to divide such lands into units, and from time to time, in its sole judgment, to modify, change or terminate any such plan or agreement and, in such event, the terms,  
conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of  
development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling  
and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that  
said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production  
thereon is allocated to different portions of the land covered by said plan then the production allocated to any particular tract of land shall, for the purpose of  
computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any  
other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production from as so allocated. Lessee shall formally express Lessor's  
consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request  
of Lessee.

13. All express and implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall  
not be terminated, in whole or in part, nor Lessor held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the  
result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem  
for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the  
rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby undertake and release all right of dower and  
homestead in the premises described herein, as well as all right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do  
execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions  
of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

16. Wherever the term one-eighth (1/8) appears in this lease, it shall by this reference  
be intended to read one-sixth (1/6).

*Shirley Reed*  
*Benny Murdock*

STATE OF UTAH  
COUNTY OF Duchesne

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16<sup>th</sup> day of September, 1996, personally appeared Shirley Reed  
Davy Murchik, Kacey Murchik  
and

to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that They duly executed the same as Theirs free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires

OCT 16 1999

STEVEN A MALLARINO, Notary Public

STATE OF UTAH

My Commission Expires

Notary Public Office, UT 8401

STATE OF \_\_\_\_\_ ss.  
COUNTY OF \_\_\_\_\_

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_

day of \_\_\_\_\_, 19\_\_\_\_\_, personally appeared \_\_\_\_\_

and \_\_\_\_\_  
to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires

Notary Public

Address: \_\_\_\_\_

STATE OF \_\_\_\_\_ ss.  
COUNTY OF \_\_\_\_\_

ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
and that the seal affixed to said instrument is the corporate seal of  
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_\_

Notary Public

(SEAL)

Address: \_\_\_\_\_

My Commission expires \_\_\_\_\_

No. _____	FROM	TO	Date _____ 19 _____	This instrument was filed for record on 12 _____ 19 _____ in	County Clerk _____	Deputy _____
Dirct. _____	No. Alt. _____	County _____	Day of _____ Month _____ Year _____	Object _____ M., and duly recorded in	Volume _____ Page _____	When recorded return to _____
Term _____				of the records of this office.		
				By _____		